

~~SECRET~~

for
N I E 42.1-58

28 January 1958

6 FEB 1958

file No 314

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 42.1-58

(Supersedes NIE 42.1-56 and SNIE 42.1/2-56)

THE OUTLOOK FOR STABILITY IN THE REPUBLIC OF KOREA

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 28 January 1958. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

fid. 3

~~SECRET~~

DOCUMENT NO. 1

NO CHANGE IN CLASS. L

☒ DECLASSIFIED

CLASS. CHANGED TO: TS S C

NEXT REVIEW DATE: _____

AUTH: HR 70-2

DATE: 8-03-81 REVIEWER: 009256

CENTRAL INTELLIGENCE AGENCY

DISSEMINATION NOTICE

1. This estimate was disseminated by the Central Intelligence Agency. This copy is for the information and use of the recipient indicated on the front cover and of persons under his jurisdiction on a need to know basis. Additional essential dissemination may be authorized by the following officials within their respective departments:

- a. Director of Intelligence and Research, for the Department of State
- b. Assistant Chief of Staff, Intelligence, for the Department of the Army
- c. Director of Naval Intelligence, for the Department of the Navy
- d. Director of Intelligence, USAF, for the Department of the Air Force
- e. Deputy Director for Intelligence, Joint Staff, for the Joint Staff
- f. Director of Intelligence, AEC, for the Atomic Energy Commission
- g. Assistant Director, FBI, for the Federal Bureau of Investigation
- h. Assistant Director for Central Reference, CIA, for any other Department or Agency

2. This copy may be retained, or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Office of Central Reference, CIA.

3. When an estimate is disseminated overseas, the overseas recipients may retain it for a period not in excess of one year. At the end of this period, the estimate should either be destroyed, returned to the forwarding agency, or permission should be requested of the forwarding agency to retain it in accordance with IAC-D-69/2, 22 June 1953.

4. The title of this estimate, when used separately from the text, should be classified:

FOR OFFICIAL USE ONLY

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

DISTRIBUTION:

White House
National Security Council
Department of State
Department of Defense
Operations Coordinating Board
Atomic Energy Commission
Federal Bureau of Investigation

~~SECRET~~

THE OUTLOOK FOR STABILITY IN THE REPUBLIC OF KOREA

THE PROBLEM

To analyze recent trends in the Republic of Korea and to estimate probable developments over the next few years, with particular emphasis on domestic political developments.

CONCLUSIONS

1. President Rhee will remain the dominant figure and will control basic policies in the Republic of Korea so long as he is not incapacitated. However, with advancing age, he is increasingly delegating authority to subordinates. His personal popularity is gradually declining. (*Para. 8*)

2. Rhee's Liberal Party will probably be able to retain control of the National Assembly in the elections to be held in the spring of 1958. However, popular support for the opposition Democratic Party will almost certainly increase and its representation in the Assembly will expand. (*Paras. 18, 19, 20*)

3. In the event of Rhee's death before the end of his term in 1960, we believe that the chances are better than even that Vice-President Chang, a Democrat, would succeed to the Presidency. Rhee's death would almost certainly be followed by a period of political instability and internal tension, and the possibility cannot be ex-

cluded that Chang will be assassinated or that certain of Rhee's followers will attempt a coup to prolong their grip on the government. However, we believe that these developments are unlikely, and that a coup if attempted would not be successful unless supported or acquiesced in by the armed forces. We believe that the armed forces would not support such an action. In the event of serious civil disturbance, the Army leaders would probably intervene to restore public order. (*Paras. 24, 25, 26*)

4. If Rhee lives but becomes incapacitated, the President's staff, with the support of certain key political and governmental leaders, would almost certainly seek to prolong its grip on the government, and the possibilities of an attempted assassination of Chang or illegal measures to block his succession would increase. However, we do not believe that a nakedly illegal attempt by the President's staff to retain power indefinitely would be successful. (*Paras. 27, 28*)

~~SECRET~~

~~SECRET~~

2

5. In either of the above cases, the US position would be an important factor influencing the actions of the Army and the principal political leaders. (*Para. 25*)

6. During 1958, economic activity in the ROK will probably continue to advance despite the scheduled reduction of US economic aid. Development activities will not feel the effect of the aid cut until 1959 because of the continued receipt of goods in the pipeline. However, with US aid reduced to this year's level, increases in ROK industrial output and living standards may be expected to level off in succeeding years. In any event, even if military expenditures are cut and eco-

nomic administration improved, the ROK will continue to depend very heavily on US financial assistance. (*Paras. 36, 37*)

7. The ROK armed forces alone almost certainly could not defend their country against a major attack by Communist forces, and would require the immediate assistance of US ground, air, and naval forces. The armed forces can maintain internal security. The National Police and Army intelligence units have prevented the formation of subversive groups, but the improved quality of North Korean agents will make their tasks more difficult. (*Paras. 46, 21, 22*)

DISCUSSION

A. The Political Situation

8. *President Rhee's Position.* President Rhee continues to be the dominant figure in the ROK. Few public figures and no government officials differ openly with him on any major issue. At age 82, he continues personally to set all national policies and indirectly to exercise general control of the Liberal Party. Recently, he has increasingly tended to delegate authority to his principal lieutenants, particularly in strictly political matters, and to refrain from direct personal participation in other governmental affairs. However, so long as he is not incapacitated, he will almost certainly continue to retain personally the power of decision in all important matters. In so doing, he will increasingly run the risk of ordering courses of action based on incomplete information or misinformation, because of the efforts of his wife and his staff to shield Rhee from matters which might upset him. In view of his power and his still great though declining personal popularity, his position will continue unchallengeable while he retains his mental competence, which has as yet suffered no critical deterioration.

9. The loyalty of the National Police and military forces to President Rhee is an important factor continuing to insure his position. He continues to sanction the use of the National Police, some 40,000 strong, to harass the opposition, to pressure or persuade voters and, on polling days, to participate in electoral trickery to enhance the position of his Liberal Party. Nevertheless, an important faction of the Liberal Party, under the leadership of National Assembly Speaker Yi Ki-pung, has shown evidence of a desire to reduce reliance on such measures and to place greater emphasis on political negotiations in settling disputes with the opposition party. A recently passed election law, the result of a compromise between the two major parties in the Assembly, will if enforced do much to prevent election abuses although it is not likely to eliminate them completely. There are still many powerful Liberals who strongly advocate the use of police and other pressure methods in order to insure victory in the coming elections, and Rhee and the present Liberal Party leaders will almost certainly continue to use the police, as necessary, to win elections, although they are likely to go about it with more caution than in the past.

~~SECRET~~

~~SECRET~~

3

10. The Armed Forces, particularly the Army, could be the ultimate arbiter of political power in the ROK. Army leaders are aware of the decisive role the Army could play in a political crisis. They have not, however, played an active role in national politics, except to influence the military vote in favor of Rhee in the 1956 elections. Individual military leaders probably will intervene to throw Army support to Liberal Party candidates in the 1958 Assembly elections. Most top military leaders probably would be reluctant to intervene with force or threat of force in the internal political situation unless law and order broke down or Rhee ordered them to do so. There are no indications that any senior commander aspires to seize supreme power. Moreover, though the top officers are largely pro-administration, they are not politically united as a group; rather, they tend to be suspicious of each other, to form factions, and to compete for Rhee's favor.

11. Rhee's administration continues to be hampered by a bureaucracy that is generally inefficient and corrupt. Political connections overwhelmingly dominate selection and promotion. Pay scales are inadequate, and authority is frequently used for personal gain. However, the caliber of recent appointees to the Cabinet has been generally higher than in the past, and the public service does contain a number of competent and imaginative men, including recent young entrants into government, who provide a basis for possible future improvement in administrative effectiveness.

12. *The Role of the National Assembly.* The National Assembly, the ROK unicameral legislature, has suffered from the emasculating actions of a strong executive, lack of experience with the legislative process and, until recently, the absence of political parties with clearly defined programs. It is, however, a forum available to the opposition for attacking the government. In the past two years, while many important bills have awaited action, the Assembly has devoted itself largely to investigations of the government and interrogations of government officials. Under the Rhee administration, the Assembly is unlikely to develop much power in its own right, even though his own party, the Liberal Party, holds

134 of the 203 seats. The Democrats hold 46 seats. Minor party representatives account for 22 seats, and one seat is vacant.

13. *The Liberal Party.* The Liberal Party is the Central overt instrument in Rhee's complex political apparatus of mass and front organizations, and nominally independent splinter groups. The principal executive positions of the government are staffed by Liberal Party members, who in turn utilize the prerogatives of their positions to aid the Liberal Party. The Party is ridden with factionalism, but within the past year Speaker of the National Assembly Yi Ki-pung (with Rhee's support) appears to have had some success in consolidating his position of leadership and control. The Party has continued to lose popular support, as was made clearly evident by the surprising defeat of the Liberal Party candidate in the vice-presidential elections in 1956 and the election of Chang Myon of the opposition Party. Principally as a result of this defeat, some important Liberals have begun to show evidence of a desire to eliminate the more obvious and offensive abuses of power and to develop popular support. Such activity may be the source of new factional fights, as the "old guard" of the Party seeks to retain its prerogatives by whatever means necessary.

14. *The Democratic Party.* The Democratic Party, which was formed in 1955, is the principal opposition Party. It is conservative and anti-Communist, and shares the general domestic philosophy and international outlook of the Liberals, with some differences in emphasis. It has had no platform or sense of national mission, and it has concentrated on exposing and criticizing shortcomings of the government. However, the Party has lately drafted a positive new platform which may have considerable popular appeal.

15. The Democratic Party is also plagued with factionalism, even though its principal leaders have struggled to keep internal disputes submerged. The most persistent rift divides the "new" faction, led by Vice-President Chang Myon, and the "old" faction, led by Cho Pyong-ok. In a recent intra-Party political dispute, Cho resigned as titular leader of the

~~SECRET~~

~~SECRET~~

4

Party. The question of selecting the Party's candidates for the spring Assembly elections is likely to strain severely the cohesion of the Party.

16. A major asset of the Democrats is their hold on the Vice-Presidency. Although Chang Myon, the constitutional successor to Rhee, has remained in relative seclusion, in part because of his fear of assassination, he has growing contacts with ROK officials and military leaders, and he continues to meet with foreign diplomatic representatives. If he came to power he would probably install a Democratic administration and would in time move to replace those top leaders of the armed forces in whom he lacked confidence. The Party is also the major recipient of the protest vote, an asset which has probably been enhanced as a result of the attempt to assassinate Chang Myon in September 1956.

17. *The Progressive Party.* The other opposition group, the Progressive Party, is a party of the left. It suffers from persistent police harassment. Its leader, Cho Pong-am, and a number of subordinate officials have lately been imprisoned on suspicion of violation of the National Security Act. Cho received an impressive 23.9 percent of the total vote in the 1956 presidential election. However, it should be noted that this almost certainly included protest votes which would have gone to the Democratic candidate had he lived. Cho, a former Communist who broke away from that Party in 1946, has sought to make the Progressive Party the spokesman for the unemployed, the poor, and the discontented against the "wicked profiteers" and "greedy officials." It favors a larger social welfare budget at the expense of the defense budget and "peaceful unification" of Korea. The Progressives appear to be making some slow progress in winning a following among students, intellectuals, the urban poor, and peasants in certain areas.

18. *The 1958 Assembly Elections.* We believe these elections, now scheduled for April or May, will reflect the trend, which became apparent in 1956, of a diminishing popular support for Rhee and his government. In the 1956 election, despite police and administra-

tive pressures, 46.4 percent of the total presidential vote was cast against Rhee and his chosen running mate was defeated. The urban vote has become predominantly anti-Liberal. An unprecedented proportion of the hitherto docile rural population manifested its increasing dissatisfaction by voting against the Liberals.

19. Primarily, this shift in voting strength is due to popular dissatisfaction with the present government's economic record, and popular revulsion against ubiquitous Liberal illegalities and pressure tactics during electoral periods, patent widespread corruption, and political pay-offs. It is also in part the result of an increase in Korean political maturity. An opposition press, which has been able to publish without interference in the past few years, has made an important contribution. Increasing numbers of Koreans have acquired an understanding of how to use democratic processes.

20. The most important factor determining the outcome of the elections, however, will be control of the presidency and of the governmental mechanism. If Rhee is still in office, the Liberal Party will probably be able to overcome the above trend in popular political sympathies by using the police and the financial and administrative powers of the government. If, as we believe likely, the Administration's powers are used somewhat cautiously, we expect the Democrats to show a substantial improvement in their Assembly strength at the expense of Liberals and independents. The left-wing Progressives will probably win a few seats and show an impressive increase in popular votes, unless the Party is suppressed by the government. On the other hand, if Chang succeeded to the Presidency in time for the Democratic Party to effectuate its control at least over the police, the Democrats would almost certainly win a majority of Assembly seats.

21. *Communist Subversion.* There continues to be no overt Communist activity in the ROK and there are no reliable indications of any important Communist covert achievement within the ROK, although the Pyongyang Government continues its efforts to infiltrate

~~SECRET~~

~~SECRET~~

5

agents across the border and by sea. Strong National Police and Army intelligence units, which maintain strict controls and carry on a pervasive surveillance, appear to have effectively prevented the formation of subversive groups. Moreover, until recently North Korea has sent mainly low-level agents in intelligence collection and sabotage missions. In recent months, higher type agents, who are better trained, equipped, financed, and generally well educated, have been infiltrated on missions to penetrate political and intellectual circles. Some may be preparing to take advantage of the instability and uncertainties following Rhee's death and the possibility that the successor government may take a more flexible attitude toward relations with Pyongyang.

22. The improved quality of the Communist agents suggests that ROK security elements may encounter greater difficulty in the future. Moreover, the danger of successful Communist penetrations may grow in the next few years as North Korean propaganda plays insistently its overt appeal for cultural and commercial exchanges. Such appeals probably enjoy a sympathetic response from a large portion of the South Korean masses, who though they have no liking for the North Korean regime are not hostile toward their kindred in the north. In the face of the ROK government's firm opposition to any contact with North Koreans, many South Koreans may become amenable to clandestine contacts.

23. *The Succession Question.* The most disturbing political problem is that surrounding the succession to the Presidency in the event Rhee should die in office or become incapacitated. The leaders of the Liberal Party are deeply concerned by the threat which a Vice-President from an opposition party poses to their position. They have been unable to agree among themselves how to amend the constitution to make it impossible for a Vice-President from another party to succeed to the Presidency.

24. If Rhee were to die suddenly, certain of his followers, because of the high political stakes involved, might unite to take whatever action was deemed necessary to insure their

continued dominance within the government. This might involve an attempted coup d'etat, using the National Police and terrorist groups as their instruments. It is also possible that an attempt to assassinate Chang Myon might be made, in order to prevent his accession to the Presidency and throw the Democratic Party into confusion. The constitutional provision that the senior cabinet minister assumes the powers of the Presidency, if both the Presidency and Vice-Presidency become vacant, would make this course of action tempting to the Liberals.

25. On the other hand there are important factors which militate against unconstitutional actions by Rhee's followers. They would lack both unity and strong leadership. The Liberal Party leaders would recognize that the US could exercise considerable influence in Korea, especially on the military, and that it would almost certainly be opposed to an unconstitutional succession. They probably would be aware that the growing numbers of politically conscious Koreans would probably not accept passively any blatant extra-legal actions involving the Presidency. Army support or, at least, acquiescence, would be required in any successful attempt to seize the government, and would probably not be forthcoming. In the event of serious civil disturbance, the Army leaders would probably intervene to restore public order.

26. On balance, we believe that, in the event of Rhee's sudden death, the chances are better than even that Chang would become President. In the beginning, his position probably would be tenuous and his authority limited, but the military leaders would probably rally to his support. Following a fluid period of readjustment, influential elements in the police and the bureaucracy probably would voice their loyalty, and Chang's administration eventually would consolidate its position, making in time those personnel changes in the administration and the armed forces deemed necessary to assure continued loyalty and support. The Liberal Party as it is now constituted and the rest of the Rhee political apparatus probably would splinter.

~~SECRET~~

~~SECRET~~

6

27. In the event Rhee became incapacitated but did not resign from the Presidency, the situation would become even more confused and uncertain than if he died suddenly. The ROK constitution provides that the Vice-President execute the duties of the President in such a situation, but it fails to direct how inability shall be recognized.

28. With Rhee disabled, the President's Secretariat and his principal political lieutenants would probably attempt to gain time by refusing to admit that the President had become incapacitated. They could count on the active cooperation of most organizations and individuals who stood to lose from a change of administration: Liberal Party officials, National Police leaders, senior bureaucrats, and some Army officers. They might attempt some action in Rhee's name, such as forcing a constitutional amendment through the Assembly, or resort to more forceful measures, such as those discussed above, to secure succession to the Presidency. However, we believe the factors favoring constitutional procedures, which were discussed above, would prevail, and the pro-Rhee political machine would eventually acquiesce in a legal transfer of power.

29. In either of the above contingencies, it is possible that the Army Chief of Staff initially might take power if the confusion following Rhee's death threatened a collapse of the public order and administration. This would probably be an interregnum, with the aim of insuring an orderly transfer of the administration.

B. The Economic Situation

30. During the past two years, thanks largely to massive infusions of US aid, levels of activity in virtually all sectors of the economy returned to or exceeded the pre-1950 position. Inflation, which had been chronic and severe, was checked at least temporarily in 1957, mainly as a result of arrivals of record amounts of US-financed goods. GNP rose in real terms by five percent in 1956, despite an abnormally poor rice crop, and preliminary estimates indicate at least a further ten percent increase in 1957. Although living stand-

ards have reached or exceed the pre-1950 level except perhaps in housing, they remain low. Furthermore, it is estimated that about 15 percent of the labor force is unemployed and a much larger proportion is underemployed.

31. US aid, military and economic together, accounted for roughly 25 percent of the total value of goods and services available to the ROK in 1957. Even excluding military aid, the US is financing about 90 percent of all ROK imports. ICA programs totaled \$327 million in USFY 1956, a record, and PL480 programs provided the equivalent of \$48.13 million. In 1957, ICA programs amounted to \$302.4 million and PL480 \$18.9 million, but actual deliveries of aid goods were considerably higher than in 1956. A greater share of US aid programmed in 1956 and 1957 went to consumable goods, especially fertilizer, fuels, industrial raw materials, and consumer products, than in earlier postwar years. As a result, there was relatively less allocated for reconstruction and expansion.

32. Maintenance of a huge military establishment is the principal single source of strain on the ROK's limited resources. Excluding US support, about 25 percent of the government's total outlay from its own revenues — some \$112 million — is estimated to have gone to meet the 1957 defense budget. Furthermore, \$106 million of the counterpart funds generated by ICA and PL480 programs was earmarked for ROK defense expenditures in 1957.

33. Formidable structural obstacles will continue to impede development of a vigorous and self-sustaining economy. The division of Korea will continue to deprive South Korea of a natural large market and access to mineral, timber, power, and industrial resources. The ROK is poor in virtually all resources except unskilled manpower. Its limited agricultural and mineral resources are inadequate to support even the current levels of activity. Although an important exporter of rice under Japanese rule, it now produces less on a per capita basis, exports none, and is in fact importing rice and other grains. Despite substantial improvement in recent years, deficien-

~~SECRET~~

~~SECRET~~

7

cies in support facilities, such as electric power and transportation services, inhibit further industrial growth in some fields.

34. Recently expanded domestic industry is supplying an increasing volume of consumer goods for the local market, but this industry is largely dependent on imported raw materials and fuel. There is a great dearth of management and technical skills. The little local capital available has been diverted from productive investment, and there has been virtually no private foreign capital invested in South Korea, mainly owing to economic and political instability.

35. The government bureaucracy directly or indirectly controls most aspects of the economy, and it remains inefficient, under-paid, graft-ridden, and short of capable administrators. Planning has been frequently marked by the absence of coordination and by unrealistic calculations of US aid. Such planning as has been conducted has also been thwarted by the government's inflexible attachment to unsound economic policies — for example, maintenance of a highly overvalued exchange rate and severe restrictions on trade with Japan, both of which stem from Rhee's personal predilections.

36. Economic activity in the ROK should continue to advance during the current year. Despite the cut in approved economic aid for USFY 1958 (ICA \$215 million and PL 480 \$50 million), major development projects now under way will be completed. In large part, equipment for these projects will be met by deliveries from the sizeable pipeline of capital goods programmed in previous years. The scheduled aid will also permit imports of sufficient foodstuffs, raw materials, and fuels to meet the present levels of demand. Levels of living will be maintained and may increase, with the help of the good 1957 rice crop.

37. Assuming that the level of aid in sight for USFY 1958 is continued in succeeding years, and that military spending remains approximately as at present, increases in ROK industrial output and consumption levels probably will tend to level off beginning in 1959. The prospect for economic growth would be im-

proved if the ROK substantially reduced its military expenditures and adopted sounder economic and financial policies, which would encourage more efficient use of available resources. However, even under the most favorable assumptions, it is unlikely that there will be any major improvement over the next few years in the ROK's ability to support itself at or near present levels of consumption, industrial output, and military readiness. For the foreseeable future the economy will continue to depend very heavily on US assistance.

C. The ROK Military Establishment

38. The ROK Army has active strength of about 575,000, organized in 20 divisions. The Air Force has a uniformed personnel strength of 16,300 and 176 aircraft, 96 of which are jets. The Navy, including 26,500 Marines, has a strength of 41,200 and about 75 vessels of various types, the largest of which are six ex-US escort vessels. A reserve force of ten inactive Army divisions has been established at cadre strength for early mobilization, if required. The ROK armed forces have been financed, equipped, and trained largely by the US.

39. The ROK Army continues to be troubled by the loss of trained personnel, inexperience in logistic operations, and the deterioration and obsolescence of material. Factionalism and rivalries have precipitated sweeping reassignments of high ranking officers, and there have been three chiefs of staff in the past two years. Each change led to corresponding reassignments down through the chain of command, largely on the basis of factional considerations. With factionalism prominently affecting careers, there has been a tendency on the part of senior Army officers to engage in intrigue. Although morale in the ranks is generally good, pockets of discontent have occasionally revealed themselves due to inadequate pay, protracted terms of service, and other inequities. Despite these difficulties, we believe that the effectiveness of the ROK Army has generally been maintained during the past two years.

40. The ROK Air Force is expected to be augmented by an additional jet fighter wing, a

~~SECRET~~

~~SECRET~~

8

tactical control squadron, and a tactical reconnaissance squadron by 1960. Excellent military air facilities are available.

41. The Air Force is wholly dependent upon the US for its aircraft, POL, electronic equipment, and weapons. An indigenous air matériel production capability is virtually nonexistent. Without direct US support, the poor ROK POL and maintenance capability would result in a rapid deterioration of the Air Force's value as a fighting machine. Within their very limited means, Air Force operational capabilities are good. Morale is excellent.

42. The ROK Navy is a small defensive force whose primary mission is the protection of territorial waters. Its ability to fulfill this mission is limited by its small size, inexperience, and poor logistical system. However, operational effectiveness is improving as a result of an increase in trained personnel, somewhat improved maintenance procedures, and continued joint exercises with the US Navy. The ROK Marine Corps can operate effectively as part of a larger ground force and has the capability of conducting amphibious operations involving two battalion landing teams. By mid-1958 operations involving a regimental landing team should be within their capability.

43. The Navy and the Marine Corps are dependent on the US for ships and virtually all supplies and equipment. Morale of the Navy is good; that of the Marine Corps is excellent.

44. The ROK Government has been concerned with preserving military efficiency, and it has initiated measures to correct conditions adversely affecting morale and to make service attractive. However, at the center of the ROK Forces' morale and connected problems is the need for a sharp improvement in pay scales at all levels. In the absence of increased US aid or inflationary financing, such improvement probably can be brought about only through a large reduction in the numerical strength of the forces.

45. In order to reduce the large financial burden involved in maintaining ROK forces at

present levels, the US proposed in June 1957 a substantial reduction of the ROK Army during USFY 1958. The Koreans and especially President Rhee violently opposed the US proposal. However, they have recently indicated that they will accept some reduction in authorized ROK Army strength in return for measures to improve the matériel of the ROK forces.

46. The ROK armed forces alone almost certainly do not have the capability to defend their country against a major attack by Communist forces, and would require immediate assistance of US ground, air, and naval forces.

D. International Relations

47. Unification of Korea under the ROK Government will remain the primary national objective. Rhee almost certainly has not given up hope of extending his administration throughout the peninsula. He is convinced that North Korea will be liberated only by military action. However, he probably realizes that a "march north" by ROK forces alone would fail and he almost certainly will not make the attempt. For these reasons, he would welcome and may seek to create a situation in which US military support would be made available for the purpose. He is convinced that peaceful unification on ROK terms is impossible of achievement, and that attempts to negotiate unification would endanger South Korea.

48. Virtually the entire ROK population supports the goal of reunification. They have been lectured constantly over the years that unity would bring an end to their economic troubles and usher in an era of peace and progress. They also know that reunification would bring together long separated families and friends. However, most South Koreans would be reluctant to suffer another war for reunification, and most are probably far less opposed than their leaders to seeking peaceful means for rejoining the two Koreas.

49. A Chang administration would also be suspicious of Communist intentions toward South Korea, and it would be wary of negotiating for reunification. However, it proba-

~~SECRET~~

~~SECRET~~

9

bly would disclaim any intention of going to war in order to unify Korea, and in time it probably would take a more flexible attitude toward intercourse with the North.

50. The ROK continues to look virtually exclusively to the US for international leadership, but the Rhee government will object vigorously to any actions which would appear to represent a softening or compromising US attitude regarding the Communist world. The existing irritants and arguments, e.g., the levels and uses of US aid, the size and equipment of ROK forces, and status-of-forces questions, probably will continue to aggravate ROK-US relations. We believe that the ROK under Rhee will press insistently for a status-of-forces agreement. Almost any succeeding administration, initially at least,

probably would display generally a more moderate and cooperative attitude. In particular, it would probably be more receptive to US guidance on questions of economic and military policy.

51. While Rhee remains in office, the ROK posture toward Japan will remain hostile. Recently, the government has shown some willingness to reach a settlement of some issues between the two countries. However, while Rhee lives, his persistent hatred of Japan probably will obstruct any broad rapprochement. There will also continue to be widespread mistrust of Japan. A Chang government would almost certainly be more willing to negotiate all outstanding issues and to normalize relations.

~~SECRET~~

SECRET

SECRET